

# **CITY OF HAMPTON**

## **TECHNOLOGY ZONE PROGRAM**

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## DEFINITIONS

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**Base year** means the calendar year preceding the first calendar year of each five-year qualification period a business firm requests technology zone incentives.

**Business firm** means any corporation, partnership, electing small business (subchapter S) corporation, limited liability company or sole proprietorship authorized to conduct business in the Commonwealth of Virginia.

The term “business firm” *does not* include organizations which are exempt from State income tax on all income except unrelated business taxable income as defined in the Federal Internal Revenue Code, section 512; nor does it include homeowners associations as defined in the Federal Internal Revenue Code section 528.

**Capitalized investment** is the original total capitalized costs, excluding capitalized interest, of real and personal property. Real and personal property acquired through capital leases may be included.

**Common control** means those firms as defined by Internal Revenue Code section 52(b).

**Employee of a Zone Establishment** means a person who is on the payroll of the firm’s establishment within the technology zone and is required to report to work in the technology zone.

**Equivalent full-time employee** means an employee who works a minimum of twenty hours per week can be combined with another employee that works a minimum of twenty hours a week to equal one full-time employee. Seasonal, temporary, leased or contract labor employees, or employees whose job function is shifted from an existing location in the City of Hampton to a business firm located in the technology zone shall not qualify as equivalent full-time employees.

**Existing business** means one that was actively engaged in the conduct of trade or business in the City of Hampton prior to an area being designated as a technology zone.

**Full-time employee** means an employee who is employed in a job for an indefinite duration at a business firm located in a technology zone and is required either (i) to work a minimum of thirty-five hours per week for the entire normal year, in which the normal year must consist of forty-eight weeks, or (ii) work a minimum of thirty-five hours per week for a portion of the calendar year in which the employee was hired in a job by the firm. Seasonal, temporary, leased or contract labor employees, or employees whose job function is shifted from an existing location in the City of Hampton to a business firm located in the technology zone shall not qualify as full-time employees.

**Net capitalized investment** is equal to the prior calendar year total cost plus current calendar year acquisitions less current calendar year dispositions.

**New business** means a business not previously conducted in the City of Hampton and that begins operation in a technology zone after the technology zone was designated.

**Pre-qualifying year** means the initial twelve-month period in which the business located in a Hampton Technology Zone became eligible to apply for local incentives provided in sections 37-404 and 37-405(c)(iii) of the Hampton City Code, but has not paid taxes based on the qualifying activity or investment.

**Qualified technology business** means a technology business that has met the qualifications set forth in section 37-404 of the Hampton City Code.

**Qualifying year** means the calendar year in which the business located in a Hampton Technology Zone is seeking to qualify for local incentives provided in section 37-404 of the Hampton City Code.

**Qualified zone resident** means an owner or tenant of real property located in the technology zone that expands or rehabilitates such property to facilitate the conduct of a qualified technology business by such owner or tenant within the technology zone.

**Related party** means those as defined by Internal Revenue Code §267(b).

**Reporting to work** means that the only physical location of the employee's workstation is within the technology zone and the full-time employee physically reports to the technology zone workstation on a regular basis.

**Technology business** means a business firm engaged in the activities of research, development, or manufacture of commodities used in factory automation, biotechnology, chemicals, computer hardware, computer software, defense, energy, environmental, manufacturing equipment, advanced materials, medical, pharmaceuticals, photonics, subassemblies and components, test and measurement, telecommunications, and transportation. A listing of qualified technology businesses is provided in Appendix B.

**Telecommunications** shall mean internet, email or similar services, but shall exclude voice telephone and facsimile communications except for the examples listed under the definition of a qualified technology business.

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## TECHNOLOGY ZONE INCENTIVES

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The City of Hampton provides three incentives to encourage qualified technology businesses to expand, relocate, or start-up operations within its technology zones.

**Rebate of City Fees** - including fees for building permits, mechanical and gas permits, plumbing permits, electrical permits, sign permits, conditional use permits, sewer connection fees, and zoning ordinance fees.

The fees identified will only be rebated if the qualified zone resident can demonstrate that one hundred percent (100%) of the cost of expansion, rehabilitation, or new construction is to house or accommodate a qualified technology business.

**Reduction in Business License Tax** - a five-year reduction of business license fees on the gross receipts derived from qualified technology business activities in an amount equal to eighty percent (80%) in year one, sixty percent (60%) in year two, forty percent (40%) in year three, twenty percent (20%) in year four, and twenty percent (20%) in year five.

**Capital Investment Grants** - a five-year grant provided to qualified technology businesses. The grant is based on the net increase in capital investment made within the technology zone. The five-year capital investment grant will be calculated on the net qualifying increase in business personal property, real estate, and machinery and tools taxes paid by a qualified technology business. The grant will be equal to

eighty percent (80%) of the net increase in year one, sixty percent (60%) in year two, forty percent (40%) in year three, twenty percent (20%) in year four, and twenty percent (20%) in year five.

**Note:** None of the Technology Zone incentives are to be construed as a waiver of any requirements to obtain the necessary permits or approvals from the City. Nor do they exempt a business from paying business license, business personal property, real estate or machinery and tools taxes as mandated by City Code.

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## WHEN ARE INCENTIVES EARNED BY QUALIFYING BUSINESSES

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The reduction in business license tax is only applicable to the extent of gross receipts derived from qualifying technology activities. In general, an existing business must pay its business license annually by March 1<sup>st</sup>, the tax based on prior year gross receipts (ex: the 2000 business license tax is based on 1999 gross receipts). **No business** will receive an incentive **unless** the business firm has actually **paid a tax** based on the receipts of the qualified business activity.

Likewise, the capital investment grant is applicable to taxes paid on qualifying increases in capital investment in business personal property, machinery and tools, and real estate taxes.

- Business personal property taxes and machinery and tools taxes are levied annually on a calendar year basis and is based on property physically located in the City of Hampton on January 1<sup>st</sup>, payable in two installments (due June 5<sup>th</sup> and December 5<sup>th</sup>).
- Real estate taxes are levied annually based on a fiscal year of July 1<sup>st</sup> through June 30<sup>th</sup>, also payable in two installments. Assessments are based on fair market value of property on July 1<sup>st</sup>. Additions and improvements are assessed, when constructed, on a prorated basis.

**No business** will receive an incentive **unless** the business firm has actually **paid a tax** based on the qualified increased capital investment.

- ◆ **An application must be made within twelve (12) months** of the month in which the business firm first met the definition of a qualified technology business. Applications received later than twelve months after the qualifications were met will not be eligible to receive technology zone benefits.

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## QUALIFICATION REQUIREMENTS

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**Eligibility** - To be eligible to participate in the Hampton Technology Zone Program a business firm must:

- 1) Be located in a Hampton Technology Zone (Technology Zone Maps are provided in Appendix A);
- 2) Be engaged in the activities of research, development, or manufacture of commodities used in factory automation, biotechnology, chemicals, computer hardware, defense, energy, environmental, manufacturing equipment, advanced materials, medical, pharmaceuticals, photonics, computer software, subassemblies and components, test and measurement, telecommunications, and transportation. A listing of qualified technology businesses is provided in Appendix B.

For an **existing** business to become a qualified technology business it must:

- ◆ Increase the average number of full-time employees in a technology zone by ten percent (10%) over a base year or the average increase must constitute at least three (3) net new full-time employees, whichever is greater. Wages paid to the minimum threshold number of full-time employees needed to qualify must be equal to twice the federal minimum wage rate.
- ◆ The firm must also make an added capital investment in the Downtown Technology Zone of at least fifty thousand dollars (\$50,000) or two hundred fifty thousand dollars (\$250,000) in Hampton Roads Center Technology Zone.

For a **new** business firm to become a qualified technology business the firm must:

- ◆ In the Downtown Technology Zone, create a minimum of three (3) new full-time jobs and make a capital investment of at least fifty thousand dollars (\$50,000).
- ◆ In the Hampton Roads Center Technology Zone, create a minimum average of 50 new full-time jobs and make a minimum capital investment of two hundred fifty thousand dollars (\$250,000).

For both a **new** or **existing** business firms to qualify:

- ◆ Wages paid to the minimum threshold number of full-time employees needed to qualify must equal twice the federal minimum wage rate.
- ◆ The capital investment may be established by the capitalized cost of personal property or real estate owned for the operation of the qualified technology business.

### **Employment Restrictions**

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- ◆ Employees must report to work in the technology zone. This means that the only physical location of the employees' workstation is within the technology zone and the full-time employee physically reports to the technology zone workstation on a regular basis.
- ◆ The following positions cannot be included in the calculation of average full-time employment.
  - 1) Seasonal, temporary, leased or contract labor positions.
  - 2) A employee whose job function previously qualified for a credit in connection with a different technology zone business on behalf of the taxpayer, a related party, or a trade or business under common control. (Cannot count the same job twice).
  - 3) An employee who was employed by a technology zone firm and the trade or business was purchased by another taxpayer.

Although the business has changed ownership it is still considered an existing business with existing employees. As an existing business the firm must demonstrate that it increased average full-time employment by 10% over the firm's base year or created three (3) net new full-time jobs, whichever is greater. In addition, wages paid to the minimum threshold number of full-time employees needed to qualify must be equal to twice the Federal minimum wage rate.

## **Qualifying Part-time Employees to Create an Equivalent Full-time Employee**

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Part-time positions can be combined to equal one new full-time equivalent employee. This exception is limited to those situations where no more than two employees who perform the same job function are combined to fill one position and these part-time employees are eligible for the same benefits as full-time employees. Each part-time employee must work at least twenty (20) hours a week. In addition, each part-time employee has to be earning wages equal to twice the Federal minimum wage rate in order to be considered eligible for the calculation of full-time equivalents. The same employment restrictions that apply to full-time employees also apply to part-time employees.

## **GENERAL PROGRAM GUIDELINES**

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**Time Limit on Technology Zone Eligibility Period:** The Downtown and Hampton Roads Center Technology Zones are in effect for a period of ten years. The ten-year life span of the zones coincides with the City of Hampton's fiscal year which begins July 1<sup>st</sup> and ends June 30<sup>th</sup>. This means that business firms that have qualified on or after July 1, 1998 and on or before June 30, 2008, are eligible to receive benefits under this program.

**Limit on Receiving Technology Zone Incentives:** A business firm may receive a reduction in Hampton's business license tax and capital investment grants for a period of five consecutive years. If a business firm fails to meet the program qualifications during the firm's five-year qualification period, the firm forfeits the right to request incentives for that year. However, the business firm is still eligible to qualify for the technology zone incentives for any years remaining in the five-year qualification period.

A business firm may qualify for one additional five-year incentive period provided the necessary job creation and investment criteria are met during the life of the technology zone. A qualified business firm cannot receive benefits under this program for a period longer than ten years.

**Required Negotiation -** Qualified technology zone residents making investments of \$15 million and creating 50 jobs must negotiate the percentage of capital investment grant with the Hampton Industrial Development Authority. In no instance can the percentage amount of the capital investment grant exceed the percentage amount received by any other qualified technology zone business.

**Prohibition on Re-qualification Due to Reorganization of Firm -** A business firm may not qualify for the Hampton Technology Zone Program longer than allowed by reorganizing or changing its form in a manner that does not alter the basis of the firm's assets or result in a taxable event.

**Bankruptcy -** If a qualified technology business files for bankruptcy during the five-year incentive period this will result in the forfeiture of any portion remaining of the investment grant.

**Falling Below Required Thresholds -** Once a business firm has qualified for incentives under this Program the firm has five consecutive years in which to claim the incentives. Business firms must annually demonstrate that they have continued to meet the Program's qualifications. In the event that a business firm has trouble with meeting the minimum thresholds listed below, the business firm will forfeit any claim to incentives for that year.

- The average number of new full-time employees needed to qualify falls below the threshold amount of at least ten percent (10%) over the firm's base year or a net increase of at least three (3) net new full-time employees, whichever is greater; or

- The wages paid to the minimum number of average full-time employees falls below twice the Federal minimum wage rate; or
- The net new investment threshold falls below \$50,000 for the Downtown Technology Zone or \$250,000 for the Hampton Roads Center Technology Zone.

Should the business firm regain the threshold employment, wages and investment necessary to qualify, the business firm can continue to receive incentives for any time remaining in the five-year incentive period.

**Required Records:** Business firms participating in the Hampton Technology Zone Program must keep careful records of the methods used to calculate base year and qualification year employment, wages and capital investment. These records must be kept for a period of three years after the last year the firm has qualified for Technology Zone Program incentives.

Firm's seeking a rebate of City fees must have copies of the receipts verifying date, type of fee, and payment.

**Claw Back Provisions** - All qualified technology businesses must maintain their presence within the City of Hampton for a period of up to five years after receiving technology zone incentives. If a qualified business firm leaves during the initial five-year incentive period and conducts its business operation outside the City of Hampton, the qualified business firm will be required to repay the total amount of benefits received.

If a qualified business leaves the City of Hampton to conduct business in another municipality within five years of completing the five-year incentive period, the business firm will be required to repay the City a prorated amount. The proration will be based on the number of years the firm stayed after the fifth and final year of receiving technology zone incentives. For example, if a qualified business firm leaves during the sixth through the tenth year of receiving technology zone incentives the qualified business will be required to repay a prorated amount equal to the following:

- 6th year - the firm must repay 80% of the total benefits received.
- 7th year - the firm must repay 60% of the total benefits received.
- 8th year - the firm must repay 40% of the total benefits received.
- 9th year - the firm must repay 20% of the total benefits received.
- 10<sup>th</sup> year - the firm must repay 20% of the total benefits received.

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## APPLICATION SUBMISSION INSTRUCTIONS

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### Submission deadline for filing Forms T-1 and F-1

A business firm seeking to obtain the benefits provided under the Hampton Technology Zone Program must make an application for certification as a qualified technology business.

**Note:** An application must be submitted within twelve (12) months of the month in which the business firm first met the definition of a qualified technology business. Applications received later than twelve months after the qualifications were met will not be eligible to receive technology zone benefits.



- ☞ All Technology Zone Program applications must be submitted annually no later than June 30<sup>th</sup>. Do not wait until the last minute to apply. **An application may be submitted at anytime in order to comply with the twelve-month rule as stated above.**
- ☞ All applicants will be notified within *60 days* of the June 30<sup>th</sup> submittal deadline as to the amount of incentive they are eligible to receive.
- ☞ The Technology Zone Administrator and the Commissioner of Revenue will investigate and verify that each applicant is in compliance with the technology zone qualifications and that all taxes and fees have been paid. The amount of the incentive will be determined upon receipt of all current year tax payments. If a qualified technology business fails to pay in full the taxes imposed by the City of Hampton by the due date, this will result in the forfeiture of the investment grant for that year upon a finding by the Administrator that the tax account has been delinquent for 60 days.
- ☞ After a business has been certified by the Technology Zone Administrator, the business firm must annually submit an application indicating the number of full-time employees employed by the firm, the average number of full-time employees earning twice the Federal minimum wage rate, and the amount of capital investment made by the business firm during the remaining qualifying years.
- ☞ Applications must be signed by an official representative of the business firm authorized to sign on the firm's behalf and must be notarized.
- ☞ Questions concerning the Technology Zone Program and the application process can be answered by calling the Hampton Department of Economic Development at (757) 727-6237.

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**Completed applications must be mailed or hand delivered on or before June 30<sup>th</sup> to:**

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Attn.: Hampton Commissioner of the Revenue  
100 Old Hampton Lane  
P.O. Box 636  
Hampton, VA 23669

If June 30 falls on a weekend or holiday the deadline for all applications will be the next business day. UPS or FedEx is considered hand delivery.

# **How to Complete Qualification Form T-1**

## **HOW TO COMPLETE QUALIFICATION FORM T-1**

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The following are step-by-step instructions for completing the Hampton Technology Zone Qualification Form T-1.

### **PART I: BACKGROUND INFORMATION**

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- Item 1. Place an "X" in the box indicating in which Technology Zone the business firm is located.
- Item 2. On the first line enter the Federal employer identification number (FEIN) that is used on the firm's Federal income tax return. On the second line enter the firm's Virginia Employment Commission (VEC) identification number that is used when paying the Virginia employment tax on employees as required by Article 2, Chapter 5, Title 60.2 of the Code of Virginia. Both numbers are required.
- Item 3. On the first line enter the legal name of the business firm. On the second line enter the business firm's trading name. If the trading name is the same as the legal name, enter "same."
- Item 4. Enter the business firm's technology zone street address.
- Item 5. Enter the firm's principal mailing address. The technology zone incentive benefits will be sent to this address. If this address is the same as the firm's street address, enter "same."
- Item 6. Enter the month and year the business firm began operation at the Technology Zone location.
- Item 7. Enter the name of a contact for the business firm and a daytime telephone number where the contact person can be reached to answer any questions.
- Item 8. Enter the business firm's Web address, if there is none enter the word "None."
- Item 9. Enter the business activity code which identifies the primary business activity the business firm is engaged in. (See Appendix B of the application instruction manual for business activity codes).
- Item 10. Enter the percentage of gross receipts that are attributable to the operation of the qualified technology business.
- Item 11. Enter a "brief" description of the firm's qualified business activity.

## **PART II: QUALIFICATION INFORMATION**

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*The following example is an illustration on how a hypothetical existing business would complete the T-1 application form.*

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A business firm, X Graphics, is involved in the design, development, and implementation of internet/intranet services. The company started in the garage of a Hampton homeowner and subsequently, the demand for the company's services grew tremendously to the point where they chose to locate in Hampton's Downtown Technology Zone on January 20, 1998.

On February 1, 1999, the company expanded its employment, invested \$70,000 in new computer equipment and leased an additional 2,000 square feet. The X Graphics had met the definition of a technology business and must make an application to become a qualified technology business by no later than February 1, 2000.

- Item 1. Enter an X in the box that reflects whether this is a new or an existing business activity in Hampton. If this is an existing business, enter the base calendar year the business firm is using for qualification purposes. Also enter the base year used for qualification. *For our example the base year would be calendar year 1998.*
- Item 2. Enter an "X" in the box(es) that are relevant to the Technology Zone incentive(s) the business firm is requesting.

### **Item 3. Employment Test**

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The employment test is used to determine if the firm has met the Program's minimum employment requirement. Please refer to the *employment restrictions* on *page four* of this instruction manual before completing this section.

**Note:** The minimum threshold for an **existing business** is equal to an increase in the average number of full-time employees in the technology zone by ten percent (10%) over the firm's base year or the increase must constitute at least three (3) net new full-time employees to the City, whichever is greater.

For a **new business** the minimum job threshold in the Downtown Technology Zone is just three (3) new full-time jobs and in the Hampton Roads Center Technology Zone the minimum is fifty (50) new full-time jobs.

### **How to Calculate Average Full-time Employment:**

Each applicant must calculate the average number of employees it has employed in either the base year and/or qualifying year, depending on whether the firm is new or existing business.

**Note:** *New business firms qualifying for the first five-year incentive period, do not have to calculate base year employment. New firms seeking to qualify for a second five-year period will need to calculate the base year employment since they will be treated as an existing business and will need to indicate this on the application.*

- 1) Count the number of full-time employees the firm had in each payroll period at its location in the technology zone during the firm's base year and qualification year. (The base year is the year preceding the first year of qualification a business firm requests technology zone incentives).
- 2) Total the number of full-time employees for the year.
- 3) Divide the total number of full-time employees for the year by the total number of payroll periods. This will equal the average full-time employment over the year.

For this example, X Graphics had twelve payroll periods.

### 1998 Base Year

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total	Ave.
FTEs	3	4	5	5	6	6	6	6	6	6	6	6	65	5.41

### 1999 Pre-qualifying Year

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total	Ave.
FTEs	6	8	10	10	8	10	9	10	12	12	12	12	119	9.92

### 2000 Qualifying Year

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total	Ave.
FTEs	12	12	11	11	12	12	12	12	12	12	12	12	142	11.83

In this example, X Graphics had an average of 5.41 full-time employees in the firm's base year and 9.92 in the qualifying year. If a number is .5 or higher round up to the nearest whole number, however, if a number is .49 or lower, round the number down to the nearest whole number. For our example, X Graphics will enter 5 on Line 3a and 10 on Line 3b. *Rounding is to occur based on two decimal points and **not** three.*

#### 3. Employment Test

- a. Average number of full-time employees employed by the firm during the base calendar year.

(If the applicant is a new business skip to Line b and place N/A on Line a).

5

- b. Average number of full-time employees employed by the firm during the qualifying calendar year.

12

Lines 3c and 3d are used to determine if a technology business firm has hired enough full-time employees to meet the Program's minimum threshold level. Existing businesses must increase the average number of full-time employees in the technology zone by ten percent (10%) over the firm's base year or the increase must constitute at least three net new full-time employees to the City, whichever is greater.

To determine the increase in full-time employment over the base year subtract Line 2a from Line 2b. In this example, X Graphics would enter 5 on Line 2c ( $12 - 5 = 7$ ).

#### 3. Employment Test

- c. Increase in the average number of full-time employees hired after the base year.

(Subtract Line a from Line b).

7

To determine the percentage increase in the average number of full-time employees hired over the firm's base year, divide Line 3c by Line 3b. In this example, X Graphics would enter 58% on Line d ( $5 \div 12 = .41 - 1 = .58$ ).

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### 3. Employment Test

- d. Percentage increase in the average number of full-time employees hired after the base year. (Divide Line c by Line b).

58%

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In this case X Graphics has more than met the employment threshold criteria by increasing its average full-time employment by 58% over the firm's base year.

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## Item 4. Wage Test

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The wage test is used to determine if the business firm has met the Program's minimum wage requirement.

**Note:** At a minimum, the average number of full-time employees hired after the firm's base year earning twice the Federal minimum wage rate must be equal to the minimum threshold number of employees needed to qualify for the Program.

### How to Calculate Average Full-time Employment Wages:

- 1) Count the number of full-time employees the firm had in each payroll period earning twice the Federal minimum wage rate at its location in the technology zone during the firms base year and qualification year.
- 2) Total the number of full-time employees for each year whose earnings equal twice the Federal minimum wage rate.
- 3) Divide the total number of full-time employees earning twice the Federal minimum wage rate for the year by the total number of payroll periods. This will equal the average full-time employees earning twice the Federal minimum wage rate.

### 1998 Base Year

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total	Ave.
Twice Fed	5	5	4	4	5	5	5	5	5	5	5	5	58	4.83

### 1999 Qualifying Year

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total	Ave.
Twice Fed	6	6	7	7	7	7	8	8	10	10	10	10	96	8

### 2000 Qualifying Year

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total	Ave.
Twice Fed	10	10	10	10	10	10	10	10	10	10	10	10	120	10

For example, X Graphics had an average of 5 full-time employees in the base year and 10 in the qualifying year which is a 50% increase. However, the average number of full-time employees earning twice the Federal minimum wage rate in the base year was 5 and in the qualifying year it was 10. X Graphics will enter 5 on Line 4a and 8 on Line 4b.

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### 4. Wage Test

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a. Average number of full-time employees employed in the base calendar year whose wages were at least twice the Federal minimum wage.	5
b. Average number of full-time employees employed in the qualifying calendar year whose wages are at least twice the Federal minimum wage.	10

To determine the increase in full-time employees earning wages twice the Federal minimum wage rate over the firm's base year subtract Line 4a from Line 4b. In this example, X Graphics would enter 3 on Line 4c ( $10 - 5 = 5$ ).

#### 4. Wage Test

c. Increase in the average number of full-time employees hired after the base year earning at least twice the Federal minimum wage rate. (Subtract Line a from Line b).	5
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To determine the percentage increase in the average number of full-time employees hired after the firm's base year earning twice the Federal minimum wage rate, divide Line c by Line b. In this example, X Graphics would enter 50% on Line d ( $5 \div 10 = .5 - 1 = .50$ ).

#### 4. Wage Test

d. Percentage increase in the average number of full-time employees hired after the base year earning twice the Federal minimum wage rate. (Divide Line c by Line b).	50%
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**Note:** X Graphics has met the employment and wage test because the firm increased its average work force by 5 (or 50% over the base year) and 10 employees earned twice the Federal minimum wage rate.

- ◆ For an **existing business** wages paid to the minimum threshold number of employees (10% or 3, whichever is greater) must be equal to twice the Federal minimum wage rate.
- ◆ For a **new business** the minimum threshold in the Downtown Hampton Technology Zone is just three (3) new full-time jobs earning twice the Federal wage rate. In the Hampton Roads Center Technology Zone the minimum is 50 new full-time jobs earning twice the Federal minimum wage rate.

## Item 5. Investment Test

*Information provided in this section of the application is for the Hampton Commissioner of the Revenue's use only and will be kept confidential.*

The investment test is used to determine if the business firm has met the Program's minimum investment requirement. A business firm is required to examine the amount of capital investment it has made within the technology zone. For the purposes of this Program capital investment is defined as the original total capitalized costs, excluding capitalized interest, of real and personal property. Real and personal property acquired through capital leases may be included.

**Note:** At a minimum a firm must make an added capital investment in the Downtown Technology Zone of at least fifty thousand dollars (\$50,000) and two hundred fifty thousand dollars (\$250,000) in Hampton Roads Center Technology Zone.

X Graphics was an existing business and entered 1998 as the firm's base year. In addition, they had an existing capital investment of \$110,000 in the base year. Enter this amount on Line 5a.

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5. Investment Test

- a. Capital investment in the firm's base year. Enter the base year as stated in item 1 above 1998.

(If the applicant is a new business skip to Line b and place N/A on Line a).

\$ 110,000

As stated earlier in our example, X Graphics had made an additional capital investment of \$70,000 in computer equipment and hired additional employees in February 1999 the firm's pre-qualifying year. For the 2000 qualifying year of participation for X Graphics they will enter \$70,000 on Line 5(b)(1) {the firm must make application within 12 months of qualifying for the Program}. If a qualified technology business makes any additional capital investments in subsequent qualification years, the firm is to enter this information on the lines provided. In this example, X Graphics made no additional capital investment in the qualifying year.

**Important**

**Note:** The capital investment made in the pre-qualifying year is entered on line (b) and subsequent capital investment made in each of the following qualifying years (2 through 5) are entered on the following line. If no new capital investment is made after the pre-qualifying year, enter \$0 for the appropriate qualifying year. Total the amount of capitalized investment made from the prequalifying year through the last year of qualification.

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5. Investment Test

- b. Capital investment made in pre-qualifying year 1) \$ 70,000 and subsequent qualifying years;

2) \$ 0 3) \$ \_\_\_\_\_ 4) \$ \_\_\_\_\_ 5) \$ \_\_\_\_\_

**Total capitalized investment made in the pre-qualifying through qualifying years** \$ 70,000

If a qualified technology business disposes of any capital investments during any of the remaining qualifying years the firm is to enter this information on the lines provided. In this example X Graphics did not dispose of any capital investments during the firm's pre-qualification year. The firm entered \$0 on line 5(c)(1).

**Important**

**Note:** The disposal of any capital investment in the pre-qualifying year is entered on line (c)(1) and subsequent disposal of capital investments in each of the following qualifying years (2 through 5) are entered on the following line. (Disposal include any capital investment moved out of the Technology Zone during any qualifying year). If no capital investment is disposed of in any of the qualifying years after the pre-qualifying year, enter \$0 for the appropriate qualifying year. Total the amount of capitalized investment made from the prequalifying year through the last year of qualification.

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5. Investment Test

- c. Disposal of capital investment in pre-qualifying year 1) \$ 0 and subsequent qualifying years;

2) \$ 0 3) \$ \_\_\_\_\_ 4) \$ \_\_\_\_\_ 5) \$ \_\_\_\_\_

**Total disposal of capitalized investment made in pre-qualifying through qualifying years** \$ 0

On Line 5d enter the total capital investment made by the qualified business firm. Add lines 5a and 5b and subtract Line 5c. X graphics would have the following [ $\$110,000 + \$70,000 - \$0 = \$180,000$ ].



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5. Investment Test

d. Total capitalized investment (add Lines a + b and subtract Line c) \$ 180,000

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In this example, X Graphics has exceeded the minimum investment criteria for the Downtown Technology Zone by \$20,000.

**Important**

**Note:** If the net new investment threshold falls below \$50,000 for the Downtown Technology Zone or \$250,000 for the Hampton Roads Center Technology Zone the business firm will forfeit any claim to incentives for that year. The same holds true for the employment and wage tests should either fall below the minimum threshold. If the business firm regains the threshold employment, wages and investment necessary to qualify, the business firm can continue to receive incentives for the time remaining in the firm's five-year incentive period.

**Note Concerning**

**Payment:**

X Graphics made an application by February 1, 2000, within 12 months of meeting the qualifications for the program. The qualifying investment (all business tangible personal property) was purchased February 1, 1999. Based on the purchase date, no taxes will be levied on the property until 2000. Assuming all taxes are paid on time (June 5, 2000 and December 5, 2000), incentives related to this property will be paid for the first time in 2001.

Likewise, for the business license incentive, the business did not qualify until 1999; therefore it will not have gross receipts from qualified activity until after that date. The 1999 gross receipts will not be used as a basis for the business license until 2000 (due March 1, 2000). Assuming all taxes are paid on time, incentives related to these receipts will be paid for the first time in 2001.

**ATTACHMENT**

**Include a detailed depreciation schedule along with the T-1 application. The listing must identify the property used in the operation of the qualified technology business and include date of purchase.**

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**PART III. DECLARATION**

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A signature from an authorized representative of the business firm must be obtained and witnessed by a notary public.

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**Please keep a copy of the application for the firm's records.**

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**Any questions concerning the Technology Zone Program or the application process must be referred to the Department of Economic Development at (757) 727-6237.**

# **How to Complete Fee Rebate Form F-1**

## **HOW TO COMPLETE FEE REBATE FORM F-1**

### **BACKGROUND INFORMATION**

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- Item 1.        On the first line enter the legal name of the business firm. On the second line enter the business firm's trading name. If the trading name is the same as the legal name, enter "same."
- Item 2.        Enter the business firm's technology zone street address.
- Item 3.        Place an X in the box that corresponds to the type of activity undertaken at the zone address which requires a fee rebate.
- Item 4.        Indicate the dollar amount of investment that was made in association with the fee(s) that were charged for work done at the zone address.
- Item 5.        Place an X in the corresponding box(es) which indicate the fee(s) which the firm is seeking a rebate.
- Item 6.        Indicate the total dollar amount of fee(s) the firm is requesting a rebate for.

### **ATTACHMENT**

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**Attach a copy of each receipt the applicant is requesting a rebate for.**

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### **BUSINESS FIRM REPRESENTATIVE**

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A signature from an authorized representative of the business firm must be obtained.

**Note: In order to receive a fee rebate, form (F-1) must be accompanied by the Qualification Form T-1.**

☞ Completed applications must be mailed or hand delivered on or before June 30<sup>th</sup> to:

Attn.: Hampton Commissioner of the Revenue  
100 Old Hampton Lane  
P.O. Box 636  
Hampton, VA 23669

If June 30<sup>th</sup> falls on a weekend or holiday the deadline for all applications will be the next business day. UPS or FedEx is considered hand delivery.

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**Please keep a copy of the application for the firm's records.**

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# **Attachment A**

## **Technology Zone Maps**

**Maps and addresses are available on our Web site at [www.hampton-development.com](http://www.hampton-development.com). Once the homepage opens click on the Incentives page and on the header will be Technology Zones. Just click on the name of the zone and a map and list of addresses will be made available. Otherwise call the Economic Development Department with your address at (757) 727-6237 and we will be happy to verify whether your address is in the zone.**

# **Attachment B**

## **Chart of Qualified Technology Businesses**

## **FACTORY AUTOMATION**

AUT-AS	assembly manufacturing systems
AUT-AT	automatic test equipment
AUT-FM	Flexible manufacturing systems
AUT-MC	manufacturing control systems
AUT-ME	manufacturing measuring equipment
AUT-MH	materials handling/shipping equipment
AUT-MT	machine tools/press/ equipment
AUT-MV	machine vision systems
AUT-RO	robots/robotic equipment
AUT-ZZ	other factory automation equipment

## **BIOTECHNOLOGY**

BIO-AN	animal biotech systems
BIO-CC	cell culture technologies
BIO-CT	catalysts
BIO-EL	bioelectronic equipment
BIO-EQ	biotechnology equipment
BIO-GE	genetic engineering systems
BIO-IM	immunology systems
BIO-MS	biomass/biochemicals
BIO-MT	biomaterials
BIO-NZ	enzyme technology systems
BIO-PE	proteins/protein engineering systems
BIO-PL	plant biotech systems
BIO-ZZ	other biotechnology systems

## **CHEMICALS**

CHE-AP	application specific chemicals
CHE-DY	chemical dyes/pigments
CHE-EX	explosive chemicals
CHE-IG	industrial gases
CHE-IN	inorganic chemicals
CHE-OR	organic chemicals
CHE-PT	petrochemicals/petroleum
CHE-RE	reagents
CHE-ZZ	other chemicals nec

## **COMPUTER HARDWARE**

COM-AI	artificial intelligence hardware
COM-AX	computer accessories/components
COM-BU	business equipment
COM-CB	computer boards
COM-CM	computer memory systems
COM-CN	converters
COM-CP	CPUs
COM-IN	computer input devices
COM--MC	microcomputers
COM-MF	mainframes
COM-MN	minicomputers
COM-MO	monitors
COM-MS	supercomputers
COM_OU	computer output devices
COM-PC	peripheral controllers

COM-SN	computer hardware for handicapped individuals
COM-SP	specialized computers
COM-TR	terminals
COM-ZZ	other computer hardware nec

#### **DEFENSE**

DEF-AS	antisubmarine warfare equipment
DEF-CC	command/control equipment
DEF-EW	electronic warfare equipment
DEFGR	defense ground support equipment
DEF-MI	Missiles & related equipment
DEF-OR	ordnance systems equipment
DEF-ST	surveillance/tracking systems
DEF-TS	defense training simulation equipment
DEF-WA	defense warning systems
DEF-ZZ	other defense/military equipment nec

#### **ENERGY**

ENR-AL	alternative energy systems
ENR-CN	conventional energy equipment
ENR-CO	energy conservation equipment
ENR-EM	energy management systems
ENR-EP	electronic power sources
ENR-FU	conventional and alternate fuel
ENR-HV	hvac equipment
ENR-LI	lighting systems
ENR-ME	meteorological equipment
ENR-MI	mining equipment
ENR-OG	oil/gas recovery equipment
ENR-ST	energy storage equipment
ENR-TB	turbines
ENR-TR	electrical power transmission equipment
ENR-TS	power plant personnel training equipment
ENR-ZZ	other energy equipment nec

#### **ENVIRONMENTAL**

ENV-AN	environment analysis equipment
ENV-CP	control/prevention equipment
ENV-TR	treatment/abatement equipment
ENV-WD	waste disposal equipment
ENV-ZZ	other environmental services and equipment nec

#### **MANUFACTURING EQUIPMENT**

MAN-AE	aerospace manufacturing equipment
MAN-BP	biotechnology and pharmaceutical mnfng equipment
MAN-CH	chemical processing equipment
MAN-CO	computer hardware manufacturing equipment
MAN-EL	electrical apparatus manufacturing equipment
MAN-EP	electronic and photonic manufacturing equipment
MAN-MA	materials processing equipment

MAN-ZZ other manufacturing equipment nec



## **ADVANCED MATERIALS**

MAT-AB	abrasives
MAT-AD	adhesives
MAT-AM	additives/modifiers
MAT-CE	ceramics/related materials
MAT-CM	composites
MAT-CN	construction/building materials
MAT-CO	coatings/coating materials
MAT-DE	desiccants
MAT-EL	electronic materials
MAT-FO	foams/foamed materials
MAT-FR	fillers/reinforcements
MAT-ME	metals & alloys
MAT-MO	monomers
MAT-NF	nonmetalliferrous minerals
MAT-NU	nuclear materials
MAT-OL	oils/lubricants
MAT-PO	polymers
MAT-TX	textiles/fibers
MAT-ZZ	other materials nec

## **MEDICAL**

MED-DE	dental equipment
MED-DG	medical diagnostic equipment
MED-HA	handicap aids
MED-HH	home health care products
MED-IM	implants/prostheses
MED-MO	medical monitoring equipment
MED-RE	rehabilitation devices
MED-RP	medical reproduction-related equipment
MED-SU	surgical/medical equipment
MED-TH	medical therapeutic equipment
MED-VT	veterinary equipment
MED-ZZ	other medical equipment nec

## **PHARMACEUTICALS**

PHA-AH	antihistamine drugs
PHA-AI	anti-infective agents
PHA-AN	antineoplastic agents
PHA-AU	autonomic drugs
PHA-BL	blood products
PHA-CN	central nervous system drugs
PHA-CV	cardiovascular drugs
PHA-DI	diagnostic agents
PHA-EX	expectorant/antitussives
PHA-EY	eye, ear, nose and throat preparations
PHA-GI	gastrointestinal drugs
PHA-HO	hormones/synthetic substitutes
PHA-LA	local anesthetics
PHA-ME	metabolic/water balance agents
PHA-OC	over-the counter drugs
PHA-PA	pharmaceutical packaging
PHA-PU	pulmonary agents

PHA-RP	reproductive organ drugs
PHA-SE	serums & related agents
PHA-SK	skin/mucous membrane drugs
PHA-VI	vitamins
PHA-VT	veterinary pharmaceuticals
PHA-ZZ	other pharmaceuticals nec

## **PHOTONICS**

PHO-AD	acousto-optic equipment
PHO-CA	cameras & related equipment
PHO-DI	displays
PHO-FO	fiber optics & related equipment
PHO-LA	lasers/laser related equipment
PHO-OE	optoelectronic devices
PHO-OP	photonics & related equipment
PHO-ZZ	other photonics equipment nec

## **COMPUTER SOFTWARE**

SOF-AC	accounting software
SOF-AI	artificial intelligence software
SOF-BA	banking software
SOF-CN	construction software
SOF-CS	communications systems software
SOF-DM	database/file management software
SOF-ED	educational and training software
SOF-FM	facilities management software
SOF-FN	financial analysis/management software
SOF-GO	government software
SOF-HL	health services software
SOF-IN	insurance software
SOF-LE	legal software
SOF-LI	library software
SOF-MA	manufacturing software systems
SOF-ME	media and communications software
SOF-NP	non-profit organization software
SOF-NR	natural resource management software
SOF-OA	office automation software
SOF-PD	software development systems
SOF-PM	project management software
SOF-PU	public utilities software
SOF-RE	real estate software
SOF-SM	sales/marketing software
SOF-SR	service industry software
SOF-TR	transportation software
SOF-TS	technical/scientific software
SOF-UT	utility systems software
SOF-WD	warehousing and distribution software
SOF-ZA	other applications software nec
SOF-ZZ	other software nec

## **SUBASSEMBLIES & COMPONENTS**

SUB-CE	electronic connectors/packaging
SUB-CL	electrical connectors/packaging
SUB-CM	mechanical connectors/packaging
SUB-EM	electromechanical devices

SUB-ES	electronic subsystems
SUB-ET	electron tubes
SUB-ME	non-electronic, mechanical devices
SUB-PC	passive components
SUB-SE	semiconductors/semiconductor devices
SUB-TR	transducers
SUB-ZZ	other subassemblies/subsystems nec

#### **TEST & MEASUREMENT**

TAM-AN	analyzers
TAM-CA	calibrators
TAM-CR	counters/recorders
TAM-DE	detection equipment
TAM-ME	measurement equipment
TAM-OS	oscilloscopes
TAM-PV	process variable controllers
TAM-SC	scientific/laboratory equipment
TAM-SS	security/safety equipment
TAM-ZZ	other test & measurement equipment nec

#### **TELECOMMUNICATIONS**

TEL-AV	audio/video equipment
TEL-BR	broadcasting/receiving equipment
TEL-CI	communications interfaces
TEL-CS	communications security devices
TEL-DC	data concentration equipment
TEL-EM	electronic mail equipment
TEL-MX	multiplexes/modems
TEL-NW	communications networks and related equipment
TEL-SI	signal-related equipment
TEL-SM	satellite and microwave communications related equipment
TEL-TD	telecom distribution equipment
TEL-TE	telephone/voice equipment
TEL-TR	transmission system/equipment
TEL-ZD	other data communications equipment nec
TEL-ZZ	other telecommunications equipment nec

#### **TRANSPORTATION**

TRN-AI	aircraft
TRN-AS	major aircraft systems
TRN-GS	ground support equipment for aircraft
TRN-GT	ground transportation equipment
TRN-MA	marine systems/equipment
TRN-PR	air/spacecraft propulsion equipment
TRN-SI	signaling equipment
TRN-SP	spacecraft/space vehicles
TRN-SS	space systems
TRN-TC	traffic control equipment for ground vehicles
TRN-TS	training/simulation equipment
TRN-ZZ	other transportation equipment nec